

What a Carbon Price Really Means to You

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The Government should engage the community on climate change, not buy us off. A carbon price will require adjustments and our leaders should explain why, argues Ian McAuley.

Just two years ago, dealing with climate change was "the greatest moral challenge of our generation".

Now, if you go to the Federal Government's Clean Energy website, your screen is filled with the banner "How much will I get?". The website, and the associated booklet distributed to households, What A Carbon Price Means For You, have about as much moral content as a TV advertisement for discounted dog food.

The message is that while our energy prices will rise, we don't have to worry; sit back and relax because we will be compensated with tax cuts. It's a patronising message: "We'll give you a handout so you can pay your higher utility bills, and you may have some small change left over". There is no notion that people may be capable of doing something themselves, and no notion of community engagement with the problem of climate change.

It's little wonder, therefore, that Tony Abbott can represent the Government's policy as a "big new tax" — taking away with one hand and giving back with the other.

Yet as John Quiggin points out, the Government's package is not just about "compensation". A rise in the price of energy should result in some fall in energy consumption; that's basic economics. The extra household income delivered through tax cuts should help us make those adjustments — replacing energy-intensive appliances, improving the insulation on our windows, saving to buy something more fuel-efficient when next we replace our car and so on.

Admittedly, such changes at the household level won't deliver a big reduction in CO₂ — the heavy lifting will be done by the power companies as they shift their energy sources from coal to gas and renewables. But that's not the point — if the community is to accept the Government's package the community needs to be engaged with the task.

Community engagement is generated by political leadership. Dealing with climate change will require adjustments, and for many it will involve difficulties. We have dealt with similar or greater adjustments in the past — most notably the big economic reforms of tariff reductions and financial deregulation steered through by the Hawke/Keating Governments. These changes were managed with political leadership — rather than banal advertising campaigns about "what's in it for me".

Ronald Heifetz, Senior Lecturer in Public Leadership at Harvard's Kennedy School of Government, describes the challenge of "adaptive leadership", which is about dealing with problems involving adaptive change. The task of leadership is to clarify the problem, to recognise the difficulties people will face ("acknowledge the pain" is his term), and to pace the change. Above all, it is to mobilise people's capabilities to deal with those changes. (I recommend his 1994 book *Leadership without easy answers* published by Harvard Belknap Press. Those who are more time-limited will find his ideas summarised in a short YouTube presentation [here](#).)

A stark example of leadership presented as an adaptive challenge was Winston Churchill's 1940 speech, when Britain faced the prospect of invasion by Nazi Germany: "I have nothing to offer but blood, toil, tears and sweat."

A focus group would have made short work of his draft, striking out those words and replacing them with references to the returns on war bonds, or, better still, eliminating any mention of the war at all.

We may look back at some of the responses to Churchill's rhetoric and see them to be little better than tokenistic — old ladies taking their saucepans to be melted down into Spitfires, and old men joining the Home Guard. But that misses the point; they were about getting the community to take ownership of the problem, whatever capabilities they had to offer.

Echoing Amartya Sen, Heifetz refers to leadership as drawing on people's capabilities. In reducing greenhouse emissions everyone can bring their capabilities to the task. For most people the adaptive challenge will be minor. For some, there will be more serious challenges, because while there will be net employment gains, there will be disruptions in particular industries and regions. On a more positive note, many should see the adaptive challenge as new business opportunities.

The Government must break from its "what's in it for me" thinking, and change its message from "compensation" to "adaptation". The message should be: "This is the challenge; these are some ways you can meet it; and we're re-directing some tax revenue to help you in that task".

Such a re-framing carries a message of meaningful collective effort. Politically it would put the Government's program on a firm footing, and it would leave the Opposition stranded, because while it's easy to ridicule a "big new tax", it's hard to ridicule community engagement. And it's not easy to reduce it to a slogan of three letter words.